



Marriott's Value Based Plan Designs

September 2012

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Agenda



- Medical Plan Strategy
- It Started with the Value Based Formulary
- Results
- Next Steps
- Questions

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Slide 2

Marriott's Health and Wellness Strategy

- Develop a sustainable wellness culture that supports our associates in their wellness journey.
- Engage employees to take personal responsibility for managing their health and wellness.
- Ensure employees have the tools they need to take charge of their health and wellness.
- Limit increases to health care costs by helping our associates prevent illness and thus lowering spend.

Medical Plan Overview

- 2009 Annual Expense = \$500 Million
- 91,000 Eligible Associates
 - 71,000 Participating
 - 156,000 Covered Lives
- Partner with Aetna, CIGNA and Kaiser and a few smaller HMOs
 - 70% plans are self-insured
 - 70% enrolled in HMOs

The Start of a Solution

- Obtain comprehensive patient data
- Compile the latest relevant medical knowledge
- Continuously apply knowledge on a patient-specific basis
- Deliver patient-specific recommendations to treating physicians
- Now – Bringing the patient into the solution

Value-Based Formulary

- In 2005, we introduced ActiveHealth Management's value-based formulary
- Offered co-pay reductions for certain classes of medication for highly prevalent chronic conditions
 - \$0 generic/50% brand reduction for select drug classes: statins, ACE inhibitors, diabetic drugs, beta-blockers, inhaled steroids
- Identified members via CareEngine
 - Members currently taking the drug(s) and communicated program benefits/details to members
 - Members not on the drug(s) who should be on the drug(s) based on documented presence of "appropriate" chronic disease

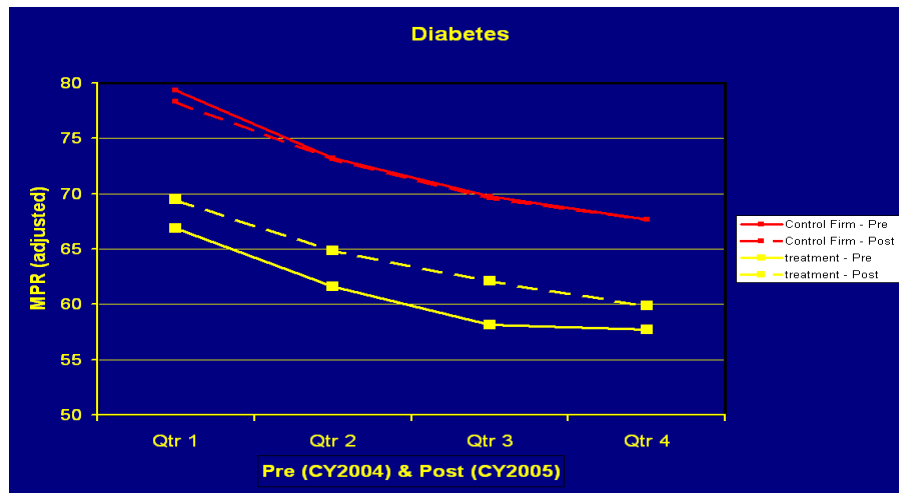
Value-Based Formulary Goals

- Identify members truly requiring chronic drug therapy and offer them significant discounts that would:
 - Improve member compliance
 - Improve quality of care
 - Decrease adverse events
 - Decrease healthcare costs for both members and employer
 - Improve member satisfaction
- Utilize information technology to identify and target appropriate members

Design & Outcomes

- Study design
 - Used a pre-post, control group for impact evaluation
 - ActiveHealth Management client used as control group
 - Model evaluated for 5 clinical categories and conditions
 - Analysis based on patient specific data
- Financial and clinical outcomes
 - Measured effect of benefit redesign by comparing differential change in both financial and clinical outcomes
 - Findings expected with value-based formulary:
 - Decrease adverse events
 - Decrease overall trend (health care, productivity savings and disability costs)

Findings



Findings

- The reduction in copay rates increased spending on prescription drugs and decreased spending on non-drug services
- The non drug spending offset is approximately the same as the increase in prescription drug spending
- Considerations
 - One-year study
 - Subsequent studies have found slight savings on medical costs
 - Doesn't include productivity savings
 - Doesn't include disability savings

Advantages of Value-Based Formulary

- Provides additional health benefits and savings by targeting patients not on important medications
 - Uses technology to identify members who should be taking medications but are not
 - Offers these members co-pay reductions, increasing likelihood that they will start taking medications
- Addresses safety
 - Uses technology to identify members who have contraindications and are taking medications inappropriately
 - Does NOT offer co-pay reductions to members with contraindications

Value-Based Health Programs

- Tied VBF to participation in DM
- Free preventive care
- Free smoking cessation program
- Health Assessment
- Health Coach programs
- Reduced copays for on-site clinics, Minute Clinics and near-site clinics

Next Steps

- Continue to evaluate opportunities to implement value-based plan design in support of medical plan strategy
- Continue to study methods to improve compliance
- Enhance communications strategy
- Refine target of benefit
 - High risk patients
 - Highly effective services
 - Services with low baseline use
 - Price responsive services